



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

THE JOURNAL OF POLITICAL ECONOMY

FEBRUARY—1906

THE CONDITION OF THE GERMAN WORKINGMAN¹

The fact is established that Germany has lately made great industrial advance; that the amount of goods produced and consumed has enormously increased; that her foreign trade has grown at a greater rate than that of other European countries. But the ultimate aim in studying the economic conditions of a country is not to establish the amount of imports and exports, or the quantities of iron or textiles produced; these are only means to an end. The real object of all such inquiries is directly or indirectly to ascertain the degree of prosperity enjoyed by the people, and the causes therefor, so that other countries may learn to make use of the same means if they have brought prosperity, or to avoid them if they have proved obstructive. We want to know what effect economic changes have on the welfare of a people. Industrial progress is not always synonymous with economic prosperity. The darkest chapter in the economic history of England covers the period during the first half of the nineteenth century, which we know as the period of the Industrial Revolution, when the wealth of that nation was increasing by leaps and bounds, and the great mass of the people were living in the most appalling degradation on the scantiest incomes.

¹ A chapter out of the author's essay upon *The Cause and Extent of the Recent Industrial Progress of Germany*, submitted in the Hart, Schaffner, and Marx contest, upon which a first prize was awarded.

The rate of wages and the amount of incomes tell us much about the economic condition of a people, but with them we must also have some information as to the prices of the common articles of life and the cost of living. Yet even with these facts before us we cannot draw absolute conclusions. The same money income, possessing the same purchasing power, will secure for one person a comfortable existence, while to his neighbor it will mean poverty. Between the people of different nations this ability to utilize goods and income varies greatly, especially between a wasteful people like the average American, and a frugal one like the French.

Obviously many of the conditions by which we are surrounded are quite independent of goods which we may purchase with an income. Municipal ordinances, clean and well-lighted streets, public parks, schools, and museums are just as real advantages to those who possess them as the goods which they purchase with money.

Rates of wages have of course another interest for students of economic conditions, inasmuch as wages are one of the most important constituents of the cost of production. For this purpose, however, it is necessary to take the point of view of the employer and regard wages as outlay for labor force, or cost of labor. The employer is not so much concerned as to the amount he pays to the individual workman as he is about the total sum he must pay for a given quantity of work performed. So the question turns about the amount and quality of the performance of the workman. Therefore, high wages may not indicate a high cost of labor, nor low wages a low cost of labor. If we find a difference in the customary rate of wages paid in two countries, we are not justified in concluding that one of the countries produces goods at a less cost than the other, and is consequently better able to compete in the markets of the world.

A little over a year ago Professor Ashley published his study² of German wages, as a contribution to the tariff controversy now

² *The Progress of the German Working Classes during the Last Quarter of a Century*. London: Longmans, Green & Co. The book appeared in December, 1904.

being agitated in England under the leadership of Mr. Joseph Chamberlain. The free-trade party has referred to Germany as a protectionist country in which the condition of the workingman is bad. Professor Ashley frankly admits that his researches are made for the purpose of refuting these statements, but, since he has relied upon facts and statistics to maintain his thesis, we may accept without hesitation the results reached by this trustworthy authority. Professor Ashley has compiled from various sources certain statistical data indicating the general upward tendency of wages during the recent past. Some of the evidence cited by him and other additional data are given below.

The first table is compiled from the Imperial Insurance Statistics, and covers the wages of all men, women, and children engaged in building, mining, metallurgy, textile, and chemical industries. These returns have been collected for the purpose of reckoning the compensation to be given for accidents. According to law, the excess of wages above 1,200 marks per annum is to be reckoned at one-third the actual amount. That is, if a person is in receipt of 1,500 marks, 300 marks is to be returned in these statistics as 100 marks, and the total annual wage at 1,300 marks instead of the real amount. The effect of this, of course, is to underestimate the increase of wages whenever they are above the 1,200-mark limit. It is to be assumed that, if the wages under 1,200 marks have increased, those above that figure have likewise increased; so that the fault of the table is that it shows a much smaller rise of wages than actually occurred.

GERMAN WAGES, 1886-1900, AS RETURNED BY THE INSURANCE
AUTHORITIES

(Percentage of wages in 1900)

1886.....	81.4	1894.....	85.9
1887.....	78.7	1895.....	84.9
1889.....	80.8	1897.....	90.9
1888.....	79.3	1896.....	88.6
1890.....	84.4	1898.....	94.4
1891.....	84.8	1899.....	96.8
1892.....	84.3	1900.....	100.0
1893.....	84.8		

The important industry of ship-building employed 50,451 men in 1889-1900, of whom 15,341 were ship-builders, 9,906 machinists, 6,696 helpers, and 2,816 boiler-makers. These classes comprise 64 per cent. of all the employees of the industry, and the statistics of their wages will afford a clear view of the general condition of wages in this industry.

WAGES PER HOUR AT A HAMBURG SHIPYARD³

	1880	1890	1899
Ship-builders.....	28-35 Pf.	32-45 Pf.	34-48 Pf.
Machinists.....	30-33	35-42	39-43
Helpers.....	26-28	31-34	33-34

This general improvement in earnings took place in spite of the fact that a reduction of the hours of labor, an introduction of the eight-hour day, took place in the middle of the eighties.

The movement of wages in coal-mining is exhibited by the following figures, compiled by the Labor Department from official Prussian sources, and published in the *Abstract of Foreign Labor Statistics* (1901), p. 30:

AVERAGE ANNUAL EARNINGS OF ADULT COAL-MINERS IN PRUSSIA

Year	Hewers and Trammers	Surface Workmen
1888.....	41£ 3s. 2d.	34£ 2s. 8d.
1889.....	45 9 6	36 10 2
1890.....	52 6 9	40 7 0
1891.....	53 17 1	40 18 11
1892.....	50 1 9	39 11 8
1893.....	48 0 2	38 14 10
1894.....	48 13 4	38 17 2
1895.....	49 6 2	39 5 9
1896.....	52 8 11	40 11 11
1897.....	56 14 5	42 8 8
1898.....	63 9 1	46 2 8

In the textile industry the rise of wages has not been so marked, but improvements in conditions not appearing in statistics have taken place; for instance, the disappearance of hand-loom

³ Schwarz und von Halle, *Die Schiffbauindustrie* (1902), pp. 105-11, 124.

weavers and domestic workshops. The proportion of women and children employed has also increased, and their lower wages naturally tend to bring down the average. The increase in the percentage of women employees has been from 38 in 1882 to 45 in 1895 of the whole number of persons employed. The industry employed in 1895 about three-quarters of a million people. The following statistics deal with about 117,000 out of the whole number of employees :

AVERAGE ANNUAL EARNINGS OF THE OPERATIVES EMPLOYED BY
THE TEXTILE ASSOCIATIONS IN SILESIA AND ALSACE ⁴

Year	In Silesia	In Alsace
1885.....	M. 401	...
1886.....	401	M. 600
1887.....	410	592
1888.....	415	601
1889.....	425	606
1890.....	435	618
1891.....	438	617
1892.....	439	608
1893.....	444	624
1894.....	446	630
1895.....	453	645
1896.....	461	649
1897.....	471	655
1898.....	483	663
1899.....	494	670
1900.....	506	...

That the general upward tendency of wages has affected all classes of labor, from the skilled to the unskilled, is shown by the table giving the wages of day-laborers in the large cities. These figures are compiled by local authorities under provision of the sick-insurance laws, and represent "the rates of daily pay customary in the locality." The increase, on the average, has been about 25 per cent. from 1884 to 1904.

⁴ Sybel, *Störung im deutschen Wirtschaftsleben*, I, pp. 145-48. Published in the *Vereine für Social-Politik*, Vol. CV (1903).

CUSTOMARY LOCAL WAGES OF DAY-LABORERS IN THE LARGE CITIES,
1884-1904

Towns	Population	1884	1900	1904
Aachen.....	135,000	M. 2.0	M. 2.4	M. 2.4
Altona.....	161,000	2.5	3.0	3.0
Barmen.....	141,000	2.4	2.4	2.7
Berlin.....	1,888,000	2.4	2.7	2.9
Bremen.....	163,000	...	3.0	3.5
Breslau.....	422,000	1.6	2.0	2.4
Brunswick.....	128,000	...	2.2	2.5
Charlottenburg.....	189,000	2.0	2.5	2.9
Chemnitz.....	206,000	2.0	2.2	2.5
Cologne.....	372,000	2.5	2.5	3.0
Crefeld.....	106,000	2.4	...	2.6
Danzig.....	140,000	1.8	2.0	2.5
Dortmund.....	142,000	2.0	2.5	2.75
Dresden.....	396,000	...	2.5	2.8
Düsseldorf.....	213,000	2.4	2.4	3.0
Elberfeld.....	156,000	...	2.4	2.7
Essen.....	118,000	2.4	2.4	2.8
Frankfurt a/M.....	288,000	...	2.5	3.1
Halle.....	156,000	2.1	2.2	2.45
Hamburg.....	705,000	...	3.0	3.0
Hanover.....	235,000	1.8	2.4	2.7
Kassel.....	106,000	2.1	2.16	2.5
Kiel.....	107,000	2.7	2.7	3.2
Königsberg.....	189,000	1.7	2.0	2.3
Leipzig.....	456,000	...	2.0	3.0
Magdeburg.....	229,000	2.0	2.0	2.5
Mannheim.....	141,000	2.3	2.7	2.7
Munich.....	499,000	2.3	2.5	3.0
Nuremberg.....	261,000	...	2.2	2.9
Posen.....	117,000	1.6	1.6	2.0
Stettin.....	210,000	2.0	2.25	2.5
Strassburg.....	151,000	2.2	2.5	2.5
Stuttgart.....	176,000	2.0	2.7	3.0

The next table is compiled from the pay-roll of an engineering establishment, and shows not only a rise in wages, but also a greater steadiness of employment:

THE ANNUAL EARNINGS OF WORK-PEOPLE EMPLOYED MORE THAN
TWO HUNDRED DAYS PER YEAR IN A MAGDEBURG
ENGINEERING ESTABLISHMENT⁵

AMOUNT OF ACTUAL EARNINGS (In Marks)	NUMBER OF EMPLOYEES RECEIVING THE VARIOUS AMOUNTS		
	1887	1892	1897
100-200.....	1	1	0
200-300.....	8	17	16
300-400.....	8	12	6
400-500.....	2	19	3
500-600.....	2	15	5
600-700.....	4	14	4
700-800.....	11	12	6
800-900.....	21	36	22
900-1,000.....	51	61	33
1,000-1,100.....	53	107	65
1,100-1,200.....	67	83	91
1,200-1,300.....	68	119	113
1,300-1,400.....	38	87	161
1,400-1,500.....	22	55	146
1,500-1,600.....	6	37	127
1,600-1,700.....	7	19	74
1,700-1,800.....	9	12	74
1,800-1,900.....	3	3	40
1,900-2,000.....	..	..	23
2,000-2,600.....	..	..	31
Total number employed 200 days or more.....	381	709	1,041
Total number employed.....	545	884	1,296
Percentage.....	69.9	80.2	80.3

The largest private industrial concern in Germany is the well-known Krupp Iron Works at Essen, which employs about 24,000 people. The average daily wages of all the employees from 1871 to 1900 is shown by the following table:

AVERAGE WAGES PER DAY IN THE KRUPP WORKS, 1871-1900⁶

Year	Marks	Per Cent	Year	Marks	Per Cent
1871.....	3.03	100	1894.....	4.06	134
1875.....	3.89	128	1895.....	4.10	135
1880.....	3.19	105	1896.....	4.24	139
1885.....	3.64	120	1897.....	4.48	147
1890.....	3.95	130	1898.....	4.57	150
1891.....	4.05	133	1899.....	4.72	155
1892.....	4.06	134	1900.....	4.74	157
1893.....	4.09	135			

⁵ Beck, *Lohn- und Arbeitsverhältnisse in der deutschen Maschinenindustrie* (1902), p. 40.

⁶ Statistics of the Essen Consum-Anstalt prepared for the Düsseldorf Exposition, p. 24.

In the chemical industry the average wages have increased considerably during the last few years. The annual average wage per workman in this industry for the last six years is as follows:⁷

1894.....	M. 885.04	1897.....	M. 922.03
1895.....	894.16	1898.....	948.31
1896.....	996.04	1899.....	965.71

According to the income-tax returns, the average income of the German citizen has increased as follows:⁸

1840.....	M. 241	1895.....	M. 506
1870.....	372	1900.....	650

Clearly money wages of German workmen have risen considerably in all industries. At the same time there has been a marked reduction in the number of hours of work per day. That this advance in money wages has not been entirely counterbalanced by a rise in the cost of living, and that the improvement has been a real one for the workingman, is demonstrated by the following table of prices of food in the Essen market, which is given in connection with the wage-table for the employees of the Krupp Works:

PRICE OF FOOD AT ESSEN, 1871-1900⁹
(Expressed as percentages of the amounts given in the first year)

YEAR	BACON per Kilo		BEEF, 2d per Kilo		VEAL, 2d per Kilo		POTATOES 100 Kilos	RYE BREAD
	Price	%	Price	%	Price	%	Price	Price
1871....	M.1.40	100	....	...	....	...	M.8.00	M.0.16
1875....	1.49	106	M.1.10	100	M.1.15	100	5.60	.15
1880....	1.53	109	1.16	105	1.20	104	7.94	.18
1885....	1.44	102	1.20	109	1.20	104	6.11	.14
1890....	1.71	121	1.26	115	1.22	106	5.98	.14
1891....	1.50	106	1.30	118	1.25	109	8.47	.17
1892....	1.55	110	1.30	118	1.20	104	7.47	.18
1893....	1.51	107	1.21	110	1.13	98	4.86	.13
1894....	1.50	106	1.24	113	1.17	102	5.27	.12
1895....	1.41	100	1.30	118	1.27	110	5.93	.12
1896....	1.36	96	1.23	112	1.21	105	5.30	.13
1897....	1.51	107	1.20	109	1.25	108	6.04	.14
1898....	1.63	116	1.20	109	1.33	115	6-27	.14
1899....	1.47	104	1.20	109	1.40	121	5.87	.14
1900....	1.44	102	1.22	111	1.40	121	5.56	.13

⁷ *Handbuch der Wirtschaftskunde Deutschlands*, Vol. III, p. 495.

⁸ Sombart, *Die deutsche Volkswirtschaft im XIX. Jahrhundert*, p. 459.

⁹ Exhibit of the Consum-Anstalt, p. 24.

Such statistics as these which have just been cited prove conclusively that the rate of wages has risen during the recent past, and has risen more than the price of the necessities of life, showing that the German workingman has shared in the prosperity of the country. Another indication of the improvement of the labor conditions, especially of the lowest class of labor, is the great falling off of emigration during the last decade. There is at present a greater immigration into Germany than emigration from it.

We have refrained from going into the question of the comparative wages of England, the United States, and Germany. Professor von Halle, of Berlin, who has intimate personal knowledge of the labor conditions of the United States and England, as well as those of his own country, says that wage statistics for the purpose of comparing the condition of the workingmen of one country with another are *Schwindel*. Even if it were possible to calculate a sort of "real wage" by mingling together wage statistics with those of the cost of living, we should still lack a suitable basis for conclusions as to the comparative prosperity of the workingmen of the several countries. There are too many elements besides wages and prices to be considered in comparing the condition of one people with that of another, and it would seem to be much more reasonable to draw conclusions from actual observation of conditions as they exist.

Nor does a comparison of wages prove of much value in determining the cost of labor as one of the factors in the cost of production. The capacity of the workmen varies so much that the laborer most highly paid is often the cheapest to his employer. In this connection it must also be remembered that high wages may sometimes be unfavorable even to the workingman, when they are procured at the expense of health. The man employed on piece-work, straining every nerve and muscle all the day long, and snatching a bite of luncheon at noon without quitting his bench, may establish a record for efficiency which is the boast of the shop, and may receive a wage that is above the usual pay of his class; but what does it profit him, if by so doing he has squandered his health and energy recklessly, and breaks down long before he has

reached old age? Moreover, it is perhaps more than likely that he has been spending every cent of his high income as fast as it came. Leaving his work every night in a state of exhaustion, his weakened nerves are not able to withstand the temptation to drink, and his ample income permits the indulgence.

The slower-moving German, taking his hour and a half or two hours for *Mittagsessen*, with two *Pausen* besides, may not get half as much pay, but at the same time he may get twice as much satisfaction out of life. Professor Schulze-Gaevernitz¹⁰ says that the hours of labor in the textile industries were two more than in England, but that the machinery ran 10 per cent. slower and only 80 per cent. of the working-time, while in England it ran from 92 to 95 per cent. of the time.

There is a surprise in store for every American who visits Germany expecting to see want and misery on every hand. He will search in vain in the large cities for districts which he can compare to the East Side of New York or the Hull House district of Chicago, at least so far as external appearances go. There is in Berlin nothing which is at all like an American slum. At first he will be inclined to attribute this condition to the superior municipal government which makes Berlin the cleanest and best-regulated city in the world. He will still believe that the essential conditions of the slum must exist somewhere, although concealed from the public view behind the white walls of the monotonous rows of flat buildings which, in the poorest quarters of the city, look very little different from those of the fashionable Charlottenburg streets.

He will look for signs of degradation and misery in the people on the streets and the children running about. Of course, he will see evidences of poverty, but it is a respectable, dreary dead-level of poverty, which is something quite different from the picturesque loathsomeness to be seen in our slums. He will fail to find that ragged, filthy, drunken depravity which marks so many English cities, as, for example, Liverpool and Manchester. At first he may be tempted to attribute the difference to the German government, and imagine that the extreme poverty is prevented by large

¹⁰ *Der Grossbetriebe*, 1893.

distributions of poor-relief. Authorities will tell him, however, that there is much less expended in purely charitable enterprises in Germany than in England, and that the German pauper class is small compared with that in England. Professor Schmoller¹¹ says that the burden of public poor-relief is twice as great in Great Britain as in Germany.

On the other hand, there are probably fewer of the working class who are really well-to-do in Germany than in England or, of course, than in the United States. Competent observers have frequently remarked this lack of extremes in Germany. On this point Professor Ashley quotes from the report of the delegation sent by the British Iron Trade Association to investigate German industrial conditions as follows:

So far as Germany is concerned, the greatest difference, compared with our own country, consists in the amounts received by many of the head "mill-contractors" whose counterparts practically do not exist in Germany, the engineer there taking the full control, oversight, and responsibility of his department. Apart from these men, there is not the difference in wages paid as between Germany and this country that is commonly supposed to exist, taking into consideration the whole of the manufacturing departments in the iron and steel works. In other words, the general distribution of wages is more evenly balanced, and we do not find the extremes that obtain amongst English workmen. (1896)

Herr von Berlepsch, former Prussian minister of commerce, sums up his opinions on the condition of the working classes in the following quotation from a recent speech:

First let me say that I am well aware that the condition of industrial wage-earners has, on the whole, become better in the course of recent decades, and that with some industries and classes of workmen the improvement has been quite considerable — although altogether apart from the blessings, which can hardly be overestimated, of the insurance against sickness, accident, old age, and infirmity. Absolute, permanent poverty has considerably diminished; indeed, it has practically retreated to certain branches of "home" work. . . . The fact needs no long argument; even the leaders of the Social Democracy now recognize that the theory of the progressive impoverishment of the masses can no longer be maintained. Slowly and by little steps rises the well-being of the general body of the people; and no small number of those classes of the population which thirty years ago obtained a bare subsistence, have now made their way into a middle class and enjoy a fairly adequate income.

¹¹ Schmoller, *Grundriss der allgemeinen Volkswirtschaftslehre*, Vol. II, p. 325.

How shall we account for this absence of extreme poverty among the working class in Germany? A difference certainly exists between the German and the Anglo-Saxon in respect to education and training. The German thinks that every person must be educated for his calling in life, no matter how humble that may be; and the opportunity is provided, indeed in most of the cities it is compulsory, for every man to receive instruction in his trade. The continuation schools (*Fortbildungsschulen*) provide instruction evenings and Sundays for those who are employed during the day. The educational system of Germany goes far to eliminate that class of helpless incapables which is the despair of the charitable societies of England and America.

Another cause of the favorable condition of Germany as regards poverty is the greater sobriety of the proletariat, notwithstanding the fact that statistics show the consumption of alcoholic drinks to be much larger in Germany than in England:

CONSUMPTION OF ALCOHOLIC DRINKS PER CAPITA ¹²
(Gallons consumed annually)

	Wines	Beer	Spirits
England.....	0.41	31.9	1.03
Germany.....	0.77	27.1	1.85

This is not due, however, to the larger consumption of the working classes, but to that of the higher classes. While in recent years there has not been wanting temperance agitation in Germany, it has made much less headway than in England and America, and teetotalers are rare. In Germany there is much less drinking of spirits among the working classes, and the large consumption indicated by the statistics arises no doubt from the almost universal habit among the higher classes of drinking liqueurs. Moreover, the German beer is a much milder beverage than the English ale. Drinks of all kinds are much cheaper in Germany than in England, and the German workingman spends far less of his income in this direction than the Englishman or the

¹² Board of Trade Statistics, 1898.

American. Drunkenness among women, which is so common in England, is as rare in Germany as in America.

If the German workingman spends comparatively little money on drink, he spends still less on gambling. There are no horse-races and poolrooms for public betting, and few, if any, gambling-rooms of any kind. It is true that the state maintains a lottery, from which it derives a considerable revenue, but it is so arranged, especially in Prussia, as to be as little attractive as possible to the poorer classes. Moreover, this form of gambling is much less harmful than other forms. There is little excitement about it, and men are not likely to be tempted to risk more than they can afford—the worst feature of ordinary gambling. The buying of a lottery ticket is more like an investment, and no doubt often conduces to frugality.

We have observed in Germany a great lack of opportunity for the workman to rise and to better his condition in life. When the German youth has once chosen his *Stand*, he can almost forecast his whole career; he knows almost what his income will be for every year of his life, unless something quite unusual occurs. This settled condition of things is felt by every American who becomes acquainted with Germany as hopelessly depressing; life without the hope of changes of fortune, even when accompanied by the inevitable risks of defeat, seems to him hardly worth the living, especially if he possesses the characteristically American restless, energetic temperament. As he himself would express it, the American wants “a run for his money.”

There is, however, a bright side to this picture. The German accepts these settled conditions and knows no other. His philosophy of life teaches him that contentment is the secret of happiness, and all his efforts are directed toward making the best of what he has, since there is little hope of gaining more. Unlike the American, he has not always before him examples of fortunes won by men of his own class who, discontented with their lot, have taken the risk of new enterprises. The German of the lower class lacks enterprise because he has no opportunity to use it; he is wise enough to see that for him frugality and contentment are better.

The introduction of insurance laws protecting the workingman against sickness and accidents, and promising him a pension in his old age, has had the tendency to make the laborer more contented. It does not matter very much that the relief and pension are very small, and that the workingman has paid for most of it himself out of his wages; the real point is that they decrease the chances of misfortune in life. How shall we estimate the psychological effect of this protection in increasing the happiness of the population? Who can say how much it is worth to be rid of anxiety about sustenance in the future? It would be manifestly absurd to try to calculate this effect from the amount of money received by the beneficiaries, or to balance it against the higher wages of the English or American workman.

There is one conspicuous instance in which the German government affords less protection to the workingman than the English or the American. In the latter country the law gives the workman the first lien on the work which he has done. Powerful capitalistic interests have prevented the passage of a similar law by German legislatures. In many cases in the large cities speculative building companies have undertaken construction on borrowed capital, and have later declared bankruptcy. The lenders of the capital in such cases have taken the building and lost nothing, while employees of the bankrupt company have lost their wages.

We can now begin to appreciate the factors other than wages which enter into consideration in comparing the condition of workingmen of different countries. Lower wages, even lower "real" wages, can be accompanied by just as high or higher standard of happiness. It is often wonderful what a small income can be made to do if its owner concentrates his whole attention to utilizing it to the greatest possible advantage. We may often see this among certain people in our own country who receive fixed incomes which they are powerless to increase. Their energies are not diverted to making more money, but are directed toward making the money which they have bring the greatest results. Here, I think, is the explanation of the German household miracle, the decent maintenance of a family on seventy-five cents to a dollar

per day. We don't know *how* it is done, we know only that it *is* done.

The government takes an active interest in helping the poor man make the most of his small income. While the taxes are often cruelly heavy, yet they are so scientifically distributed that the burden is as light as possible. The small property-holder or the recipient of a taxable income is spared the indignation of seeing his wealthy neighbor "dodging" his share of the tax. He also has visible evidence always before his eyes of the use to which his contribution is being put in the clean streets and in the various municipal enterprises. He is not troubled by the thought that most of his tax payments are going into the pockets of the "grafters." The government moreover, does not give letters of marque to great public-service corporations and turn them loose to prey upon the public. When the municipality does not perform the service itself, it takes care that those to whom it has confided this public duty do not abuse their right, and it reserves a considerable authority to regulate the actions of the companies. In Berlin the street railways and some of the gas plants are privately owned, but the universal fare is two and a half cents, and the price of gas less than one-third that charged in Chicago.

Düsseldorf, one of the medium-sized manufacturing cities of the Westphalian district, is a good example of what the public authorities do for the welfare of the citizens. The following enterprises are under municipal control: water supply, gas, electric light, electric street railways, parks, markets, quays, slaughtering-houses, savings-banks, mortgage business, pawnshop, libraries, baths, theater, concert hall, orchestra, museums, picture gallery, police, fire department, workhouse, outdoor relief, night refuge, workman's dwellings, sick-insurance, numerous endowed charities, hospitals, cemeteries, and art schools.

Besides the greater steadiness in the rate of wages, and the absence of such extremes as we find in England and America, there is also less changing of employment and less nonemployment in Germany. Men do not change their employment, nor move from one establishment to another, so readily. In most cases the law requires at least a two-weeks' notice before the employee can be discharged or leave the business.

We may safely say, I think, that the relation between the employer and the employee is less a transaction for the buying and selling of labor force than in *laissez-faire* England and America. The close interest which Herr Krupp took in the welfare of his employees is duplicated on a smaller scale all over the country. Though the old guild system has practically passed away, yet one of its leading ideas, that the workman has a right to expect his trade to support him, still survives to a large degree. Capitalism has not been able to destroy entirely these old customs; the contributions of the employers to the insurance funds of the workmen testify to the more permanent relation which exists between the employer and the employee than we are accustomed to find in our own country.

German civil service is the perfect example of permanency of employment. The young men who enter it expect to remain there all their lives, to receive a pension in their old age, and, if they die or are disabled, to leave their families provided for by the state. They cannot be dismissed without good cause, and promotion comes as a reward for length of service rather than for good work or efficiency. Their hours are short, and they are free after three o'clock in the afternoon in most of the offices.

In Prussia the factory legislation throws some light on the conditions surrounding the working class. The laws may seem to be less thorough and protective to the workman than in England, but it must be remembered that the Prussian laws are enforced, and consequently greater care is taken in their making. Therefore they are not so strict as to be impracticable, but at the same time strict enough to protect the workmen, while hampering business and enterprise as little as possible. Even in those explicit rules for special trades there is a marked avoidance of those minute hard-and-fast directions which are apt to be annoying without being effective.

The law provides that the rules of each factory must be posted up, and that they must state definitely the hours of work, meal times, time and manner of paying wages, the length of time of notice to quit, punishments and fines. These rules must be approved by the factory inspector within three days of their pas-

sage, and it is his duty to see that they comply strictly with the law. Before the rules go into effect, the workmen are given a chance to criticize or make suggestions.

Children under thirteen years of age may not be employed. From thirteen to fourteen years they may not be employed longer than six hours per day. From fourteen to sixteen years their working-day must not exceed ten hours, with at least one hour at noon and two half-hour recesses, one in the forenoon and one in the afternoon, unless the working-day is less than eight hours long. In 1901 there were 9,454 children employed who were from thirteen to fourteen years of age, 25 per cent. of whom were in the textile industry. The officers of education have the right to compel employers to allow their employees under eighteen years of age the opportunity of attending the continuation schools, if these are in session during the working-day.

Women are not allowed by law to do night work, nor must they be employed more than eleven hours per day, and not more than ten hours on Saturdays and days before holidays. If they are also housekeepers, they may demand an extra half-hour at noon. Mothers may not be employed for four weeks after confinement, nor for two weeks longer unless they have a physician's certificate.

The legal holidays are Sundays, New Year's Day, Easter Monday, Ascension Day, Whit Monday, Busstag (a religious holiday), and two days at Christmas. In Catholic states there are several more holidays.

Workmen may be punished with fines, but they are limited in amount, and the money derived therefrom must be turned over to the sick-funds for the benefit of the employees.

As a rule, the factories are kept in a much better condition, and have more arrangements for the comfort of the men, than in the United States. This is the general opinion of writers who compare the conditions prevailing in the two countries, and it seems to be confirmed by direct observation. The factories usually have good light and air, are clean and orderly. The sanitary arrangements, and the facilities for washing and changing clothes, are splendid. Most of the factories are provided with lockers for the men, so that they need not leave the place in their working-

clothes. Very often shower-baths are available. The German habit of taking a meal in the forenoon and another in the afternoon during the working-time has led to the establishment of dining-rooms in many factories, where the men may procure a cup of coffee or a glass of beer.

In an average German factory the actual working-time is ten hours, but the day appears longer on account of the three breaks for meals, taking up from one and a half to two and a half hours. A competent authority makes the statement that the hours average one per day more than in England, and one less than in the United States. The English Saturday half-holiday is an advantage which the workmen of that country enjoy over the German.

The German trades-unions lack the strength and solidarity of the English and American. Perhaps one of the reasons for this may be found in the workingman's insurance laws, of which we will speak later. The government has here usurped one of the functions elsewhere performed by the trades-unions, and which is one of the sources of their strength.

Right of combination is fully guaranteed by German law to all employers and employees, except servants, agricultural laborers, and seamen, for the purpose of obtaining a more favorable wage and work conditions. Strikes and lockouts are recognized as legitimate means in industrial disputes, but if the means adopted are actionable under the ordinary law, then the action lies against the combination and the persons acting for it. Physical compulsion, denunciation, intimidation, or abuse for the purpose of inducing others to join, or to prevent them from leaving, such combinations is punishable with three months' imprisonment, or more if the offense falls within the competence of the criminal law.

Politics plays a very large rôle in German trades-unionism; in fact, politics has divided the unions into three distinct classes. The largest is the Free Social Democratic Union, which in 1902 numbered 678,181 members. It forms the most important element in the Social Democratic party. The Christian Union, on the other hand, is particularly opposed to the atheistic features of the Social Democracy. It does not, however, represent any par-

ticular religious propaganda. In 1902 it numbered 84,667 members.

In both these central unions the membership is fluctuating, their property small, and their funds system very undeveloped. The leaders of these unions were opposed to state insurance, and preferred that the money of the workingman should be used in political agitation. For many years the unions have been weakened by this attempt on the part of the political leaders to make them mere auxiliaries to the Social Democratic party.

At present a change is being effected, and the unions are becoming less political and more like the English and American; consequently they have gained rapidly in strength. There is also a tendency for the Social Democratic and the Christian unions to get together; and there is no doubt but that, when the Social Democratic unions lose some of their most pronounced socialistic features, especially their atheistic doctrines, the two will amalgamate, to the great advantage of the cause of organized labor.

The third class, the Hirsch-Dunker unions, are modeled on the English plan and hold aloof from politics. They repudiate the socialistic idea of class war, and seek to adjust peacefully the relations between capital and labor. Their membership is 100,000, and is composed of the highest class of workingmen. They place great reliance on self-help for the workingman. One of their activities is the insurance of their members against nonemployment, the one form of workingmen's insurance which has not been taken up by the government.

The usual amount of contribution to the unions by the members runs from two and a half to seven cents per week; in the Hirsch-Dunker unions the rate sometimes runs up to fourteen cents.

Germany was the first nation to introduce successfully a system of workingmen's insurance under the control of the government. We are told that the principal motive behind this social legislation was the desire to limit the spread of socialism among the laboring class. The idea, however, is very congenial to the German mind, which has the habit of expecting the state to do things with no fear of the reproach of paternalism. Moreover,

the pension system for all employees of the government and the immobility of the working population furnished the pattern and facilitated the introduction of the system.

That the effect of this insurance is to make the working people improvident is contradicted by the statistics of savings. In 1882 only one person in eight had a savings-bank account; in 1897 one person in four in Prussia possessed an account. The amount on deposit had increased in this period threefold, amounting to a total of \$1,250,000,000 in 1897.¹³

The ideas on which the German insurance system is based are compulsory thrift, state aid, and employers' liability. The workmen are compelled by law to participate in the scheme; the state contributes from the public funds to help bear the expenses of the system, and the employers are to take a large share in organizing and in supporting the system.

Concerning workmen's insurance in general, the following statistics show the scope to 1902:

Number of persons insured.....	6,736,000
Total amount of benefits paid.....	\$105,603,000
Of this amount the state paid.....	10,073,000
Employers paid.....	51,068,000
Employees paid.....	44,285,150

Employees thus received a benefit of \$61,317,000 beyond the amount of their contributions. The total benefit, however, measured in the increased welfare and happiness of the people, has been far greater than any money gain, for the insurance system has taken away a great load of anxiety and worry, not only from the workingman himself, but from his family, who will be provided for during the incapacity or after the death of the breadwinner. A correspondent of the *London Times* writing in 1903 comments as follows:

With regard to the efficiency of labor, the insurance has developed a very remarkable and unforeseen result. The prospect of having a great and increasing number of chronic invalids on their hands has stimulated the insurance officers and societies to a great preventive movement. Seventy to eighty sanatoriums have been built by the insurance societies, with seven thousand

¹³ Von Halle, *Volks- und Seewirtschaft*, p. 59.

beds. These are for cases of consumption alone. 67.3 per cent. of the patients were fully restored to work, 7 per cent. were fully capable of other work, 14.6 per cent. were partly capable of other work, and only 11 per cent. were not able to earn a living.

The housing question has been one of the great social problems of Germany for the last few years, and an immense amount of literature has been written on the subject. The great and sudden growth of the large cities and factory towns has created a demand for dwellings which has run far ahead of the supply, and has led, in many places, to overcrowding. In factory towns the average is generally over two persons to the room, which is very much higher than under similar circumstances in England, where the rents for workingmen average scarcely more than half as much as in Germany.

In the latter country the rent averages from forty to sixty cents per week for an unfurnished room. The percentage of the workingman's income which goes for rent in the different German cities has been calculated by Professor Ashley¹⁴ as follows:

Yearly Incomes	Berlin	Hamburg	Breslau	Leipzig
Under 150.....	41.6%	26.5%	28.7%	29.9%
150 to 300.....	24.7	23.5	21.0	21.2
300 to 450.....	21.8	18.9	20.8	19.9

Various measures have been taken to relieve this difficulty. In the Rhine-Westphalian district employers have expended over \$52,000,000 in building houses and in aiding their employees to build. Municipal authorities have built houses and have loaned money for building at cheap rates of interest. In Prussia the state has provided housing for some of its own officers, particularly for the subordinate railroad men. Up to 1901 it had erected 473 houses, containing 2,231 dwellings and 7,009 rooms, costing \$2,195,569.

EARL DEAN HOWARD.

UNIVERSITY OF PENNSYLVANIA.

¹⁴ Ashley, *The Progress of the German Working Classes during the Last Quarter of a Century*, p. 49.